



ENERGY ASSURANCE DAILY

Monday, July 09, 2007

Major Developments

BP Shuts 250,000 b/d Crude Unit at Its Whiting Refinery in Indiana July 9

The unit, the largest of three crude units at the facility was shut for unplanned maintenance. According to information from OPIS, the unit will be offline for between three and five days while it is inspected and necessary repairs are performed. The loss of the unit exacerbates a tight supply situation in the region already suffering from the outage of the 112,000 b/d refinery in Coffeyville, Kansas shut for an extended period due to flooding.

OPIS Price Watch Alert, 12:05 July 9, 2007

Bloomberg News, 13:19 July 9, 2007

Reuters, 13:39 July 9, 2007

<http://www.forbes.com/feeds/ap/2007/07/09/ap3895514.html>

Range Fire Damages Portions of Idaho Power's Transmission System July 6 More Than 1,500 MW of Transmission Capacity Off Line as Repairs Continue July 9 Customers Asked To Conserve Electricity to Avoid Rotating Outages

A 35,000-acre range fire in south-central Idaho on July 6 damaged two 345 kV transmission lines and took much of a major transmission substation out of service. The fire damaged more than 40 structures supporting the transmission lines and smoke and airborne debris from the fire caused the Midpoint Substation, near Shoshone, Idaho to experience phase differential problems and required that it be disconnected from the grid. Although repairs are underway, the damage has reduced the company's ability to deliver supplies of electricity to customers at a time when demand levels are at historic highs due to a heat wave. As of July 8, the company was continuing to urge customers to conserve electricity to avoid rotating outages. On the night of July 7, Idaho Power completed repairs to the Midpoint Substation and restored operations on both transmission lines that serve the Wood River Valley from the substation. However, the company is continuing to repair the two damaged 345 kV transmission lines. Working in hot, dry and dusty conditions, progress is slowed by the need to blast and dig in terrain heavily threaded by lava beds. The loss of the lines has reduced the transfer capacity between Borah Substation, near American Falls, and Midpoint from 2,557 megawatts to 1,000 megawatts. Idaho Power expects to restore one of the two damaged lines by mid-July 9, bringing 600 MW of transmission capacity back online. This amount is seen as sufficient to avoid rotating outages. There is not yet a predicted time of restoration for the second line.

http://www.idahopower.com/newsroom/pressreleases/20070708_1.htm

<http://www.idahopower.com/newsroom/pressreleases/20070708.htm>

<http://www.idahopower.com/newsroom/pressreleases/20070707.htm>

http://www.idahopower.com/newsroom/pressreleases/20070706_2.htm

http://www.idahopower.com/newsroom/pressreleases/20070706_1.htm

Electricity

Drought Affecting Water Supply at Alabama Power's Hydroelectric Dams

This year's drought is the worst ever recorded for north and central Alabama. Streams that feed Alabama Power lakes are at historic lows for this time of year. Earlier this year, Alabama Power reduced the water it releases from its dams to the minimum required by the company's federal hydroelectric project licenses and indefinitely suspended weekend recreational releases of water from Jordan Dam. In May, Alabama Power sought relief from the U.S. Army Corps of Engineers to reduce the amount of water the company must release from its dams. The company also asked the Corps to let more water flow into Alabama from Corps reservoirs in Georgia. In June, Corps officials said they would require a full environmental assessment to be completed before they make any decision on Alabama Power's requests, a process that can take months.

<http://pressroom-publisher.southerncompany.com/apc/apc102.html>

Con Edison in New York Prepares for the Heat with Extra Crews

With temperatures expected to climb into the 90s early this week, Con Edison will have extra crews available to respond to any service problems that may arise.

<http://www.coned.com/messages/pr20070708.asp>

Update: Dominion's 910 MW North Anna Nuke Unit 2 in Virginia Exits Outage July 9

By early morning on July 9, the unit had ramped up to 30 percent of capacity. The unit had shut on June 29 when the safety injection system had unexpectedly activated as a result of a malfunction which resulted in an increase in reactor cooling water. The Nuclear Regulatory Commission sent a special team to investigate the incident.

Reuters, 07:27 July 9, 2007

Bloomberg News, 11:43 July 9, 2007

TXU's 545 MW Sandow Coal-fired Unit 4 in Texas to Restart July 9

In a report to state regulators, the company stated that it would restart the unit on July 9 following the completion of repairs to a leaking boiler tube.

Reuters, 07:51 July 9, 2007

Bloomberg News, 10:45 July 9, 2007

AES's 498 MW Alamos Gas-fired Unit 5 in California Shut July 6

According to information from the California ISO, the unit was shut for unplanned work with no indication as to when it would be returned to service.

Reuters, 19:32 July 6, 2007

AES's 495 MW Alamos Gas-fired Unit 6 in California Shut July 6

According to information from the California ISO, the unit was shut for unplanned work with no indication as to when it would be returned to service.

Reuters, 19:32 July 6, 2007

AES's 227 MW Huntington Beach Gas-fired Unit 4 in California Shut July 8

Reuters, 08:51 July 9, 2007

CDWR's 214 MW Hyatt Gas-fired Unit in California Shut July 8

Reuters, 08:51 July 9, 2007

Calpine's 318 MW Metcalf Gas-fired Unit in California Shut July 8

Reuters, 08:51 July 9, 2007

Calpine's 265 MW Sutter Gas-fired Unit in California Shut July 8

Reuters, 08:51 July 9, 2007

OPG's 494 MW Lambton Coal-fired Unit 3 in Ontario Back in Service July 9

The unit was shut on June 29.

Reuters, 08:20 July 9, 2007

Petroleum

Update: Floodwater Recedes from Coffeyville Refinery, Damage Inspection Underway

According to a representative of Coffeyville Resources, the floodwater has receded from the facility allowing workers access to the facility to inspect for damage. On July 8, the company announced that it had engaged the services of environmental specialists who worked in the Gulf Coast area with the refinery clean up following Hurricanes Katrina and Rita in 2005. At this time, the company has no estimate as to how long the refinery will be down.

Reuters, 12:53 July 7, 2007

Valero Says Most Units at its 245,000 b/d Texas City Refinery in Texas Back Following Storm-Caused Outage

A power outage during a thunderstorm on Friday July 6 caused the shutdown of the refinery. According to a company representative, most of the units were back in service by Monday morning July 9.

Reuters, 11:13 July 9, 2007

FCC Unit Shut at Valero's 90,000 b/d Ardmore Refinery in Oklahoma July 6

The unit was shut for unplanned reasons so that a mechanical problem could be repaired. The unit produces about 35,000 b/d of gasoline and 10,000 b/d of diesel fuel. The company anticipates that it will be able to estimate when the unit will be returned to service sometime during the week of July 9.

Reuters, 18:04 July 6, 2007

Two SRUs Briefly Shut at 55,000 b/d Delek's Tyler, Texas Refinery July 6

According to a filing with Texas regulators, Sulfur Recovery Units (SRUs) No.1 and No. 2 temporarily shut down due to a power blink caused by an interruption in power from the refinery's power supplier. Both SRUs and SCOT Units were stabilized and returned to normal operation as quickly as possible. The event lasted for about two and a half hours.

<http://www2.tceq.state.tx.us/ee/main/index.cfm?fuseaction=getDetails&target=93708>

Reuters, 20:22 July 6, 2007

Bloomberg News, 03:56 July 9, 2007

Brief Problem with Hydrocracking Unit Reported at Chevron's 240,000 b/d Refinery in California July 9

According to a report filed with state regulators, the loss of a compressor on a reformer in the 51,000 b/d hydrocracking unit at the El Segundo refinery occurred early on July 9. As a result, a small amount of nitric oxide was burned. The unit is reported to be operating normally.

<http://www.oes.ca.gov/Operational/MALHaz.nsf/f1841a103c102734882563e200760c4a/f0bf9ef5e61f0b0a882573130036ee63?OpenDocument>

Reuters, 12:55 July 9, 2007

Bloomberg News, 09:41 July 9, 2007

Suction Line Leaks at Tesoro's 97,000 b/d Wilmington, California Refinery July 8

<http://www.oes.ca.gov/Operational/MALHaz.nsf/f1841a103c102734882563e200760c4a/e0ebcc3545aedc5988257312007e4030?OpenDocument>

Update: Production Restored at 160,000 b/d Brazilian Offshore Platform July 7

According to reports from the state owned oil company Petrobras, by Saturday, output from the platform was restored to 160,000 b/d. The platform had been operating at that level before a fire briefly forced the shutdown of the facility last week.

Reuters, 11:52 July 9, 2007

Holly and Sinclair Sign MOU to Build 62,000 b/d Salt Lake City to Las Vegas Refined Products Pipeline July 9

Holly Corporation and Holly Energy Partners (HEP) announced today that Holly has entered into a Memorandum of Understanding with Sinclair Transportation Company to jointly build with Sinclair a new refined products pipeline that will run from Salt Lake City, Utah to Las Vegas, Nevada, together with terminal facilities in the Cedar City, Utah area and North Las Vegas (the "UNEV Pipeline"). The pipeline, which has an expected completion date at the end of 2008, will be a twelve-inch line with an initial capacity of 62,000 b/d expandable to 120,000 b/d.

http://www.hollycorp.com/press_release.cfm?id=274

Bloomberg News, 10:12 July 9, 2007

Natural Gas

Nothing to report.

Other News

New Track to Ease Coal Supply Problems Out of Powder River Basin

According an AP news report, railroad representatives say that 60 miles of new track are scheduled to come online in the Powder River Basin this year, offsetting rail access problems that have limited the ability of coal producers to bring the Basin's low-sulfur coal to market. In recent years, production in the Basin has increased by 60 to 70 million tons every few years.

<http://kjct8.com/Global/story.asp?S=6759406>

Update: Major Coal Rail Line Reopens in Kansas Following Late June Flood

Burlington Northern Santa Fe announced that it had been able to reopen a major coal route taking coal from mines in the Powder River Basin to power plants in the southeast. The company announced that the main line that had been closed since June 30 due to flooding along with smaller routes that had been affected were all back in service. Reuters, 10:35 July 9, 2007

Energy Prices

U.S. Oil and Gas Prices			
July 9, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	72.12	71.11	74.15
NATURAL GAS Henry Hub \$/Million Btu	6.39	6.24	5.52

Source: Reuters

Energy Notes

Peabody Energy Considers Building 30,000 b/d Coal-to-Liquids Plant in Kentucky

<http://www.platts.com/Coal/News/6398894.xml?p=Coal/News&sub=Coal>

Russia's Gazprom Says It May Give Foreign Companies Bigger Role in Shtokman Gas Field

http://biz.yahoo.com/ap/070709/russia_gazprom_shtokman.html?v=1

Workers Agree to New Contract at Federated Cooperative's 100,000 b/d Regina Refinery in Saskatchewan: Strike Averted

Bloomberg News, 13:30 July 7, 2007

Kinder Morgan Briefly Closes Oil Products Pipeline in California Following Report of Nearby Digging July 6

Bloomberg News, 18:02 July 6, 2007

ConocoPhillips Shuts 13,000 b/d North Sea Crude Oil Production as Natural Gas Line Inspected

Bloomberg News, 11:35 July 7, 2007

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

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